

Fox News Four Part Special on Israeli surveillance in and on US
Dec 11-14 2001.

Brit Hume : It has been more than 16 years since a civilian working for the navy was charged with passing secrets to israel. Jonathon Pollard pled guilty to conspiracy to commit espionage and is serving a life sentence. At first, Israeli leaders claimed Powell was part of a rogue operation, but later took responsibility for his work. Now, .Fox News has learned some US investigators believe that there are Israelis again, very much engaged in spying in and on the US, who may have known things they didn't tell us before September 11th. Fox News correspondent Carl Cameron has details in the first of a four-part series.

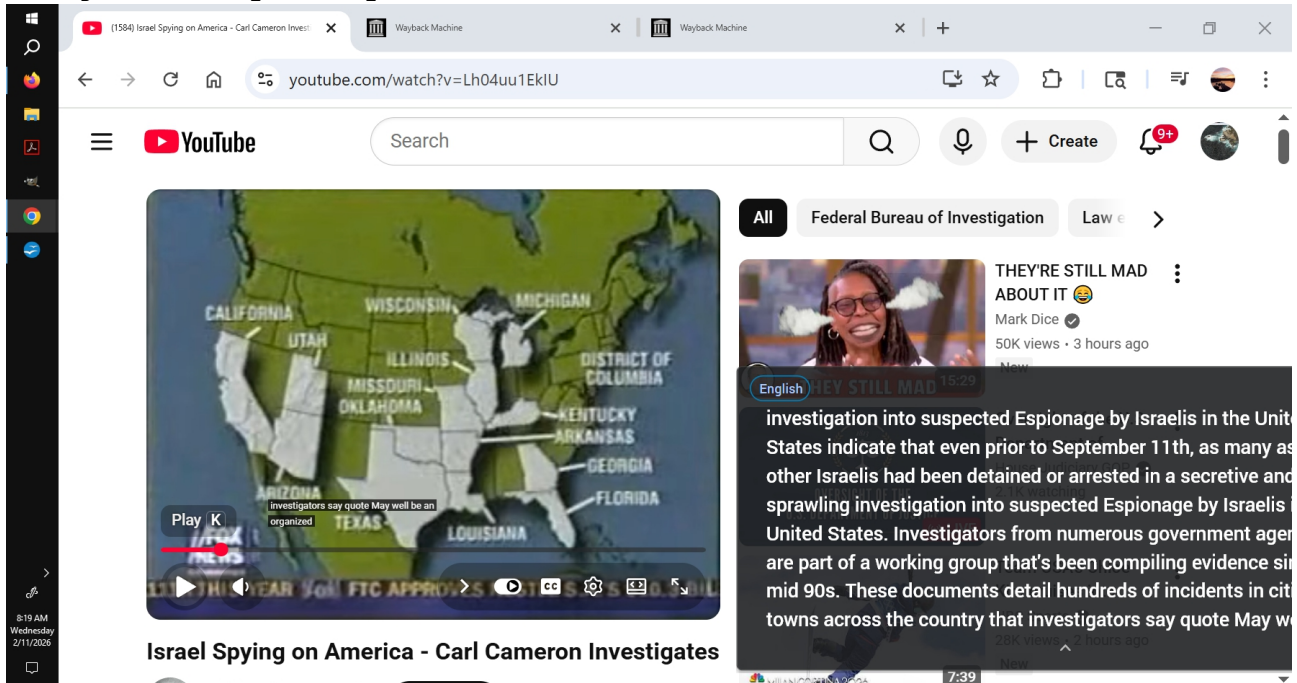
Carl Cameron (voiceover)

Since September 11th, more than 60 Israelis have been arrested or detained, either under the Patriot anti-terrorism law or for immigration violations. A handful of active Israeli military were among those detained, according to investigators who say some of the detainees also failed polygraph questions when asked about alleged surveillance activities against and in the United States. There is no indication that the Israelis were involved in the 9/11 attacks, but investigators suspect that the Israelis may have gathered intelligence about the attacks in advance and not shared it. A highly placed investigator said there are quote « tie-ins », but when asked for details, he flatly refused to describe them saying quote « evidence linking these Israelis to 9/11 is classified. I cannot tell you about evidence that has been gathered, it's classified information. »

Fox News has learned that one group of Israelis spotted in North Carolina recently is suspected of keeping an apartment in California to spy on a group of Arabs who the United States is

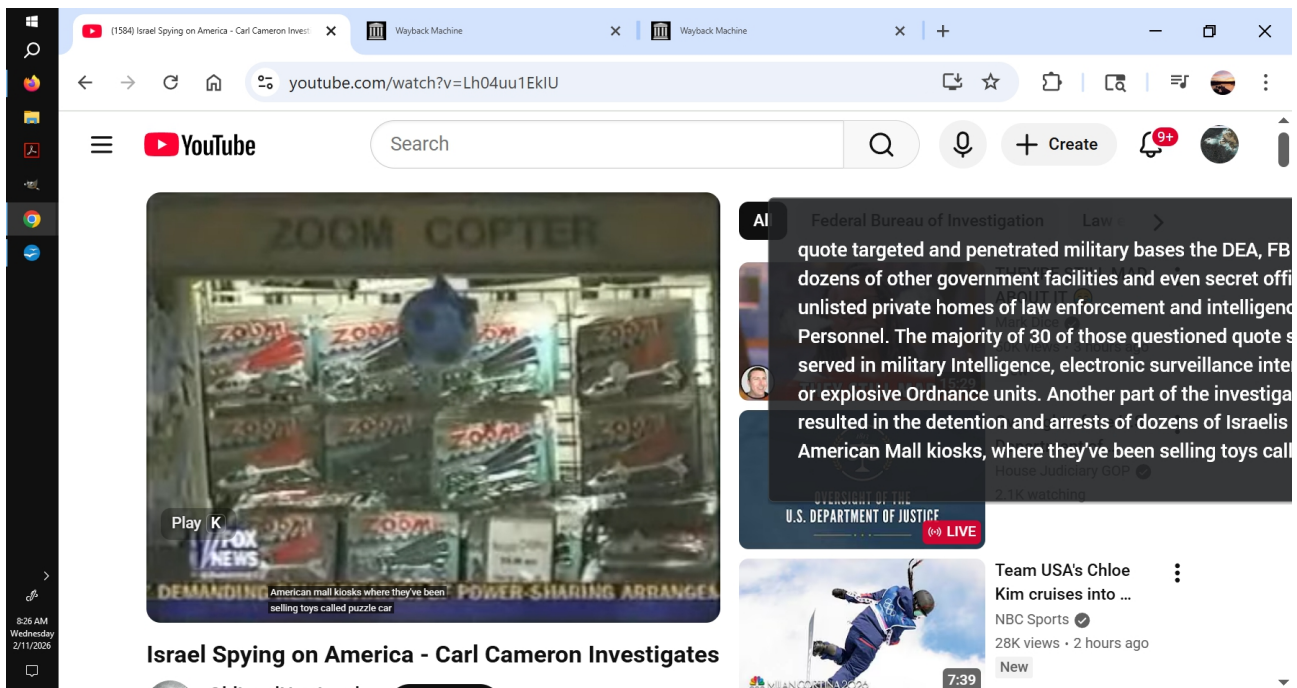
The screenshot shows a web browser window with a YouTube video player. The video title is "Israel Spying on America - Carl Cameron Investigates". The video content shows a close-up of a document with the heading "Treasury Assistant Insurance M" and "Israel Crime Co". A Fox News logo is visible in the bottom left corner of the video frame. A text overlay at the bottom of the video reads: "other Israelis had been detained or arrested". To the right of the video player, there is a sidebar with a comment from Mark Dice: "THEY'RE STILL MAD ABOUT IT". Below the comment, there is a text overlay that reads: "recently is suspected of keeping an apartment in California to spy on a group of Arabs who the United States is. Investigating for links to terrorism. Numerous classified documents obtained by Fox News indicate that even prior to September 11th, as many as 140 other Israelis had been detained or arrested in a secretive and sprawling investigation into suspected Espionage by Israelis in the United States indicate that, even prior to September 11th, as many as 140 other Israelis". The video player interface includes a search bar, a "Create" button, and a "9+" notification icon. The browser window shows multiple tabs, including "Wayback Machine".

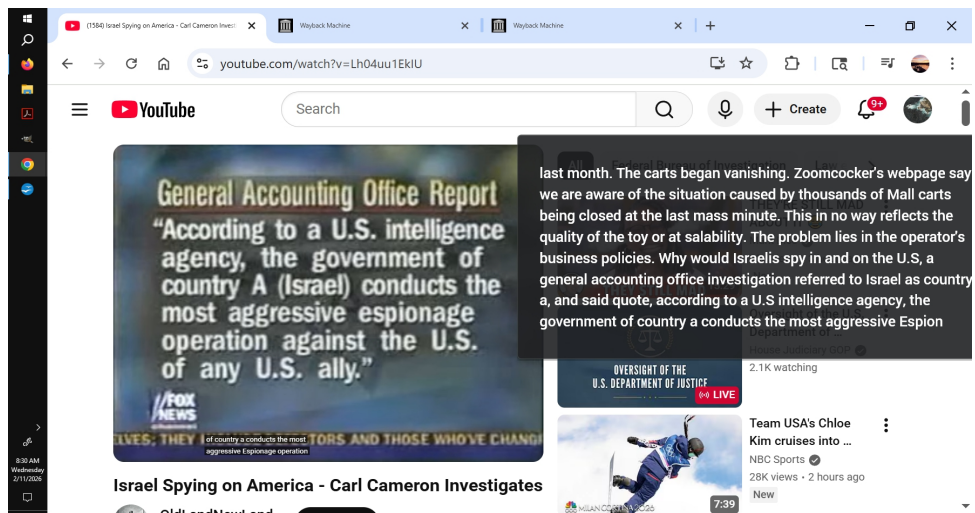
investigating for links to terrorism. Numerous classified documents obtained by Fox News indicate that even prior to September 11th, as many as 140 other Israelis had been detained or arrested in a secretive and sprawling investigation into suspected espionage by Israelis in the United States. Investigators from numerous government agencies are part of a working group that's been compiling evidence since the mid 90s. These documents detail hundreds of incidents in cities and towns across the country that investigators say « May well be



« May well be an organized intelligence gathering activity. The first part of the investigation focuses on Israelis who sat they are art students from the University of Jersusalem and Bizala Academy. They repeatedly made contact with US government officials by saying they wanted to sell cheap art or handiwork. Documents say they quote « targeted and penetrated military bases, the DEA, FBI and dozens of other government facilities and even secret offices and unlisted private homes of law enforcement and intelligence personnel. » The majority of 30 of those questioned quote « stated they served in military intelligence, electronic surveillance, intercept and or explosive ordinance units »

Another part of the investigation has resulted in the detention and arrests of dozens of Israelis at American Mall kiosks, where they've been selling toys called Puzzle Car and Zoom Copter. Investigators suspect a front. Shortly after the New York Times and Washington Post reported the Israeli detentions last month, the carts began vanishing. Zoomcopter's webpage says « we are aware of the situation caused by thousands of mall carts being closed at the last minute. This in no way reflects the quality of the toy or its saleability. The problem lies in the operator's business policies. »

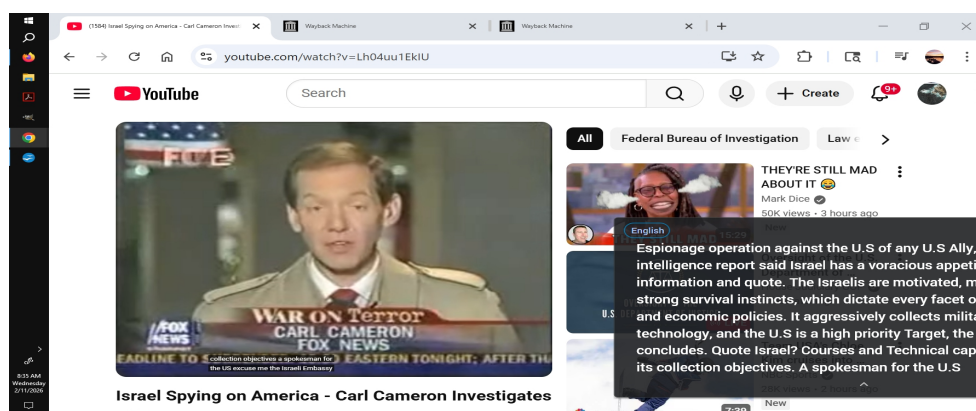




Why would Israelis spy in and on the US ? A general accounting office investigation referred to Israel as a country

« The government of Country A (Israel) conducts the most aggressive espionage operation against the US of any US Ally, » a defense intelligence report said. Israel has a voracious appetite for information » end quote
 « the Israelis are motivated by strong survival instincts, which dictate every facet of their political and economic policies. It aggressively collects military and industrial technology, and the US is a high priority target, » the document concludes.
 Israel has the courses ? and technical capability to achieve its collection objectives.

Carl Cameron : A spokesman for the US, excuse me, the Israeli embassy here in WaShington issued a categorical denial, saying any suggestion that Israelis are spying in or on the US is quote « simply not true » There are other things to consider, and in the days ahead, we will take a look at the US phone system and law enforcement's methods for wiretaps and an investigation into the possibility that both have been compromised by our friends and allies overseas, Brit.



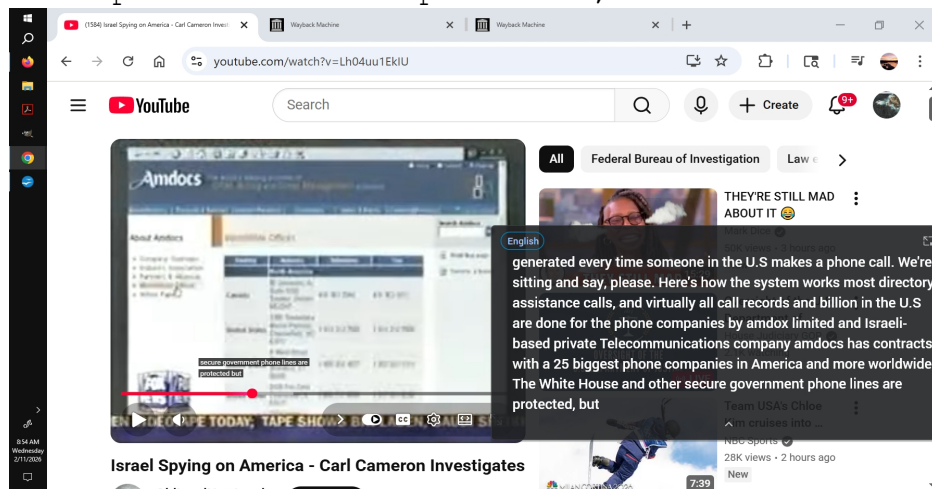
Brit Hume : Carl, what about this question of advance knowledge of what was going to happen on 9/11 ? How clear are investigators that some Israeli agents may have known something ?

Carl Cameron : Well, it's very explicit information obviously, and there's a great deal of evidence that they say they have collected, none of it necessarily conclusive. It's more when they put it all together, a bigger question is, how could they not have known, almost a direct quote, Brit.

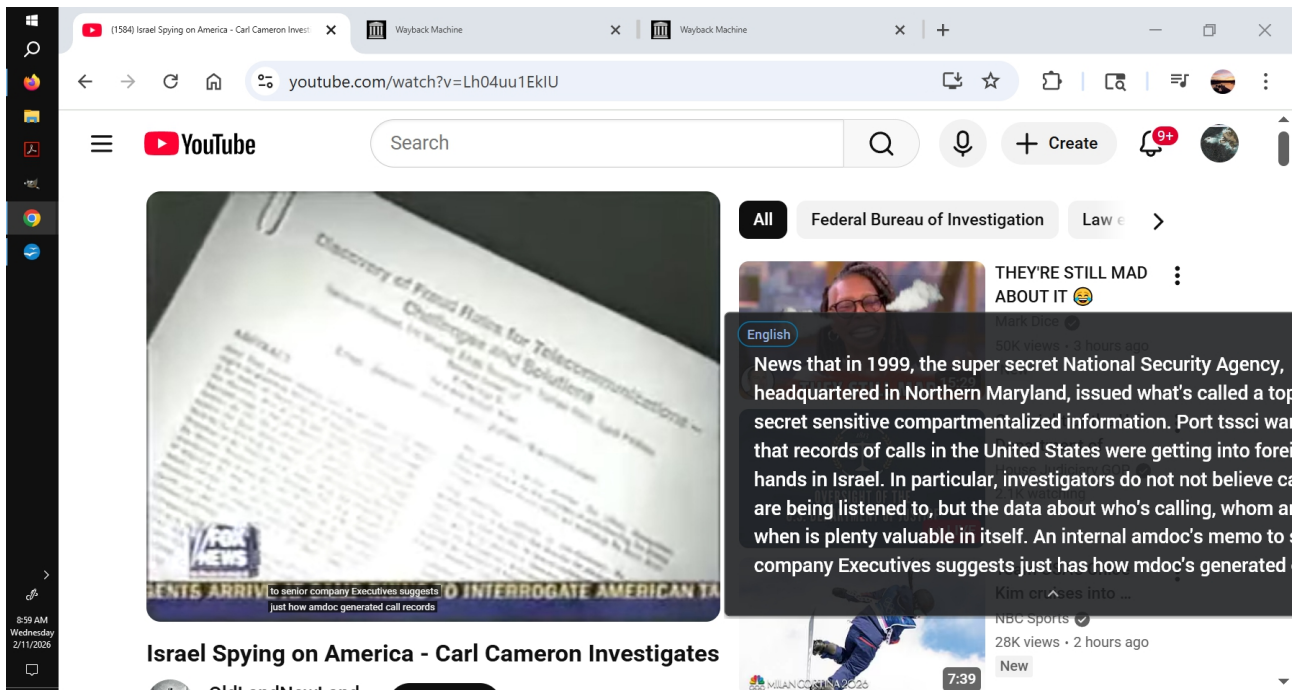
Brit Hume : And this, going to the fact that they were spying on some Arabs, right ? Correct ? All right, Carl, thanks very much.

Brit Hume : We reported on the approximately 60 Israelis who had been in connection with the September 11th terrorism investigation, Carl Cameron reported that US investigators suspect that some of these Israelis were spying on Arabs in this country and may have turned up information on the planned terrorist attacks back in September that was not passed on. Tonight, in the second of four reports on spying by Israelis in the US, we learn about an Israeli-based private communications company for whom a half dozen of those 60 detained suspects worked. American investigators fear information generated by this firm may have fallen into the wrong hands and had the effect of impeding of September 11th terror inquiry. Here is Carl Cameron's second report.

Carl Cameron : Fox News has learned that some American terrorism investigators fear certain suspects in the September 11th attacks may have managed to stay ahead of them by knowing who and when investigators are calling on the telephone. How ? By obtaining and analyzing data that's generated every time someone in the US makes a phone call. We're sitting and say, please ? Here's how the system works. Most directory assistance calls and virtually all call records and billing in the US are done for the phone companies by Am Docs limited, an Israeli-based private telecommunications company. Am Docs has contracts with the 25 biggest phone companies in America and more worldwide. The White House and other secure government phone lines are protected, but

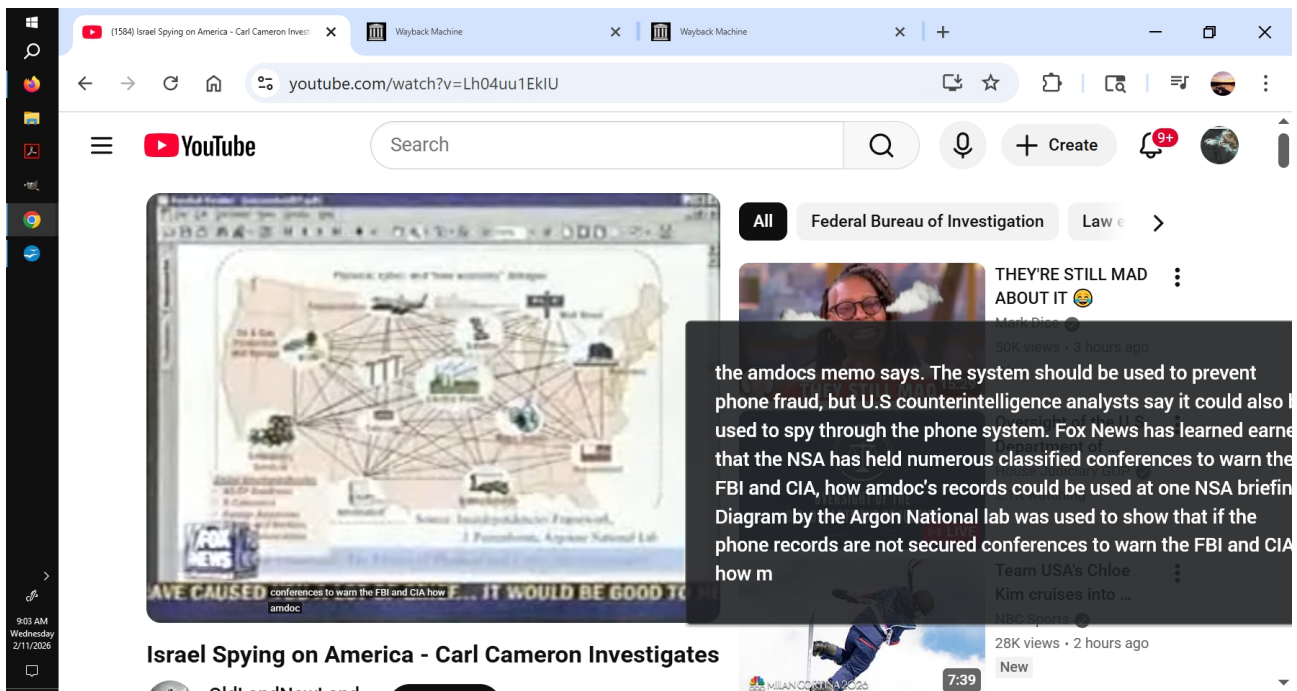


it is virtually impossible to make a call on normal phones without generating an amdocs record of it. In recent years, the FBI and other government agencies have investigated amdocs more than once. The firm has repeatedly and adamantly denied any security breaches or wrongdoing. But sources tell Fox News that in 1999, the super secret National Security Agency, headquartered in Northern Maryland, issued what's called a top secret sensitive compartmentalized information port tssci warning that records of calls in the united states were getting into foreign hands in israel, in particular. Investigators do not believe calls are being listened to, but the data about who's calling whom and when is plenty valuable in itself.



An internal amdoc's memo to senior company executives suggests just as how amdocs generated call records could be used. Quote « widespread data mining techniques and algorithms, combining both the properties of the customer like credit rating and rpopreties of the specific behavior such as whom the customers are calling » the Am docs memo says.

The system should be used to prevent phone fraud, but US counterintelligence analysts say it could also be used to spy through the phone system.



Fox News has learned that the NSA has held numerous classified conferences to warn the FBI and CIA how amdoc's records could be used. At one NSA briefing, a diagram by the Argon National lab was used to show tghat if the phone records are not secure, major security breaches are possible. Another briefing document said quote « it has become increasingly apparent that systems and networks are vulnerable. Such crimes always involve unauthorized persons who exceed their authorization, acting on exploitable vulnerabilities. Those vulnerabilities are growing, because accdording to another briefing, the US relies too much on foreign companies like Am Docs for high tech equipment and software. Quote « Many factors have lead to increased dependence on code. Code developed overseas we buy rather than train or develop solution.

Carl Cameron : US Intelligence does not believe the Israeli government is involved in a misuse of am doc's information, and Am Docs insists that its data is secure. What US government officials are worried about, however, is the possibility that Am Doc's data could get into the wrong hands, particularly organized crime, and that would not be the first time such a thing has happened. Fox News has documents of a 1997 drug trafficking case in Los Angeles, in which telephone information, the types that am docs collects, was used to quote «completely compromise the communications of the FBI, the Secret Service, the DEA, and the LAPD, and we'll have that and a lot more in the days ahead. Brit.

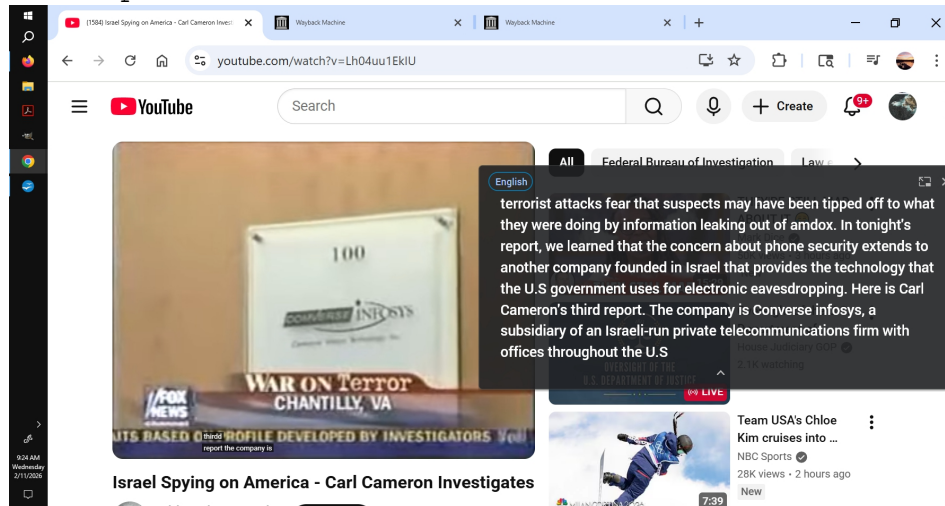
Brit Hume : Carl, IO want to take you back to your report last night on those 60 people who are Israelis who were detained in the Anti terror investigation, and the suspicion that some investigators have that they may have picked up information on the 9/11 attacks ahead of time, but not passed it on. There was a report, you'll recall, that the Mossad, the Israeli intelligence agency, did indeed send representatives to the US to warn just before 9/11, that a major terror attack was imminent. Why does

that not ? How does that leave room for, uh, the lack of a warning ?

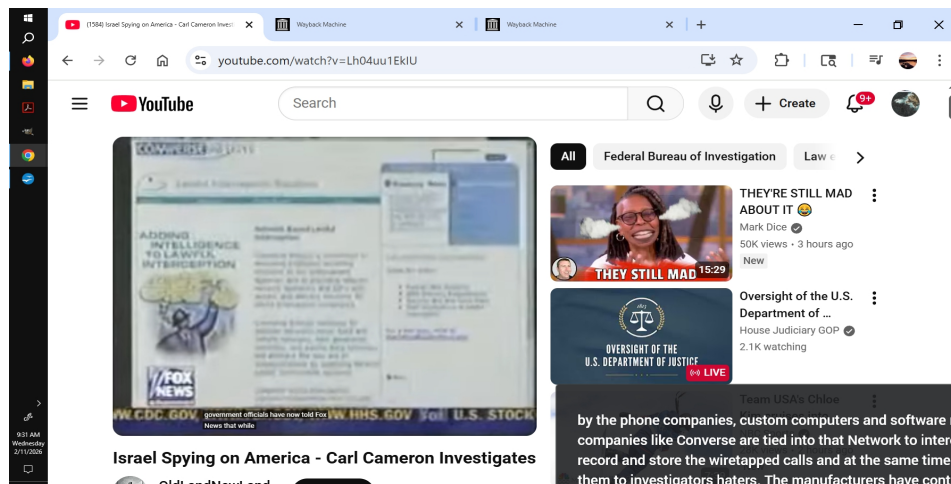
Carl Cameron : I remember the report, Brit, we did it first internationally right here on your show on the four in the 14th. Uh, what investigators are saying is that that warning from the Mossad was non specific and general, and they believe that it may have had something to do with the desire to protect what are called sources and methods in the intelligence community. The, uh, suspicion being perhaps those sources and methods were taking place right here in the United States. The question came up in the select intelligence committee on capitol hill today. They intend to look into what we reported last night and specifically that possibility, right. So, in other words, the problem wasn't what lack of a warning, the problem was lack of the useful details quantity of information.

Brit Hume : All right, Carl, thanks very much.

Brit Hume : Coming up next, an Israeli based company called Am Docs that generates the computerized records and billing data for nearly every phone call made in America, as Carl Cameron reported, US investigators digging into the 9/11 terrorist attacks fear that suspects may have been tipped off to what they were doing by information leaking out of am docs. In tonight's report, we learn that the concern about phone security extends to another company founded in Israel that provides the technology that the US government uses for electronic eavesdropping. Here is Carl Cameron's third report.



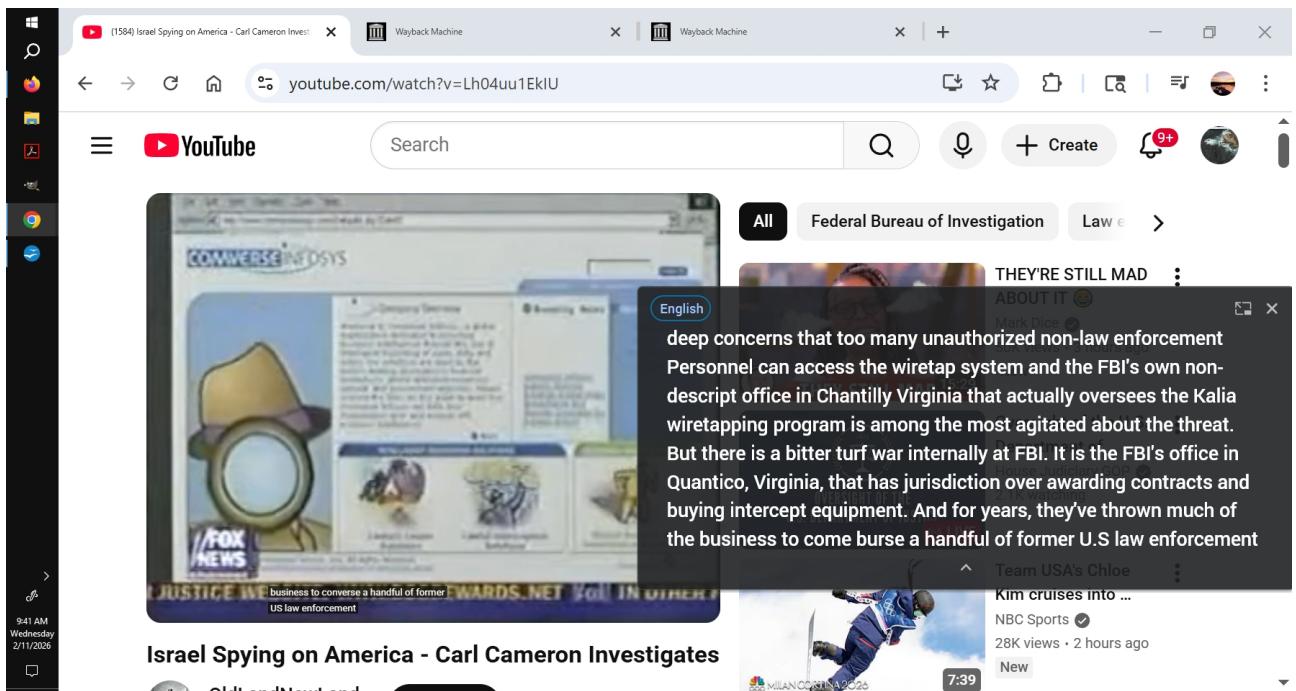
Carl Cameron (voiceover) : The company is Converse Infosys, a subsidiary of an Israeli-run private telecommunications firm with offices throughout the US. It provides wiretapping equipment for law enforcement. Here's how wiretapping works in the US. Every time you make a call, it passes through the nation's elaborate network of switchers and routers run by the phone companies, custom computers and software made by companies like converse are tied into that network to intercept, record, and store the wiretapped calls, and at the same time, transmit them to investigators. The manufacturers have continuing access to the computers so they can service them and keep them free of glitches. This process was authorized by the 1994 communications assistance for law enforcement act or kalia. Senior government officials have now told fox news that while kalia made wiretapping easier, it has led to a system that is seriously vulnerable to compromise and may have undermined the whole wiretapping system.



Indeed, Fox News has learned that attorney general John Ashcroft, and FBI director Robert Muller learned October 18 in a hand delivered letter from 15 local state and federal law enforcement officials who complained that quote « law enforcement's current electronic surveillance capabilities are less effective today than they were at the time Kalia was enacted. »

Converse insists the equipment installs is secure, but the complaint about this system is, is that the wiretap computer programs made by converse have, in effect, a back door through which wiretaps themselves can be intercepted by unauthorized parties. Adding to the suspicions is the fact that in Israel, converse works closely with the Israeli government and under special programs gets reimbursed for up to 50 percent of its research and development costs by the Israeli ministry of industry and trade,

but investigators within the DEA, INS, and FBI have all told Fox News that to pursue or even suggest Israeli spying through Converse is considered career suicide and sources say that while various FBI inquiries in Converse have been conducted over the years, they've been halted before the actual equipment has ever been thoroughly tested for leaks. A 1999 FCC document indicates several government agencies express deep concerns that too many unauthorized non law enforcement personnel can access the wiretap system and the FBI's own non-descript office in Chantilly, Virginia, that actually oversees the Kalia wiretapping program, is among the most agitated about the threat. But there is a bitter turf war internally at FBI's office in Quantico, Virginia that has jurisdiction over awarding contracts and buying intercept equipment. And for years, they've thrown much of the business to converse, a handful of former US law enforcement officials involved in a warning converse. Government contracts over the years now, work for the company. Numerous sources say some of those individuals were asked to leave government service under what knowledgeable sources call troublesome circumstances that remain under administrative review within the justice department.



And what troubles investigators, most particularly in New York in the counter terrorism investigation of the World Trade Center attack is that on a number of cases, suspects that they had sought to wiretap and surveille immediately changed their telecommunications processes. They started acting much differently as soon as those supposedly secret wiretaps went into place. Brit.

Brit Hume : Carl, is there any reason to suspect in this instance that the Israeli government is involved ?

Carl Cameron : No, there's not, but there are growing instincts and an awful lot of law enforcement officials in a variety of agencies who suspect that and have begun compiling evidence and a highly classified investigation into precisely that possibility, right ?

Brit Hume : All right, Carl, thanks very much.

News Desk Guy Tony : On a longstanding government espionage investigation, federal officials this year have arrested or detained nearly 200 Israeli citizens suspected of belonging to a quote « organized intelligence gathering operation » The Bush administration has deported most of those arrested after September 11th, although some are in custody under the new anti-terrorism law. Cameron also described an investigation into the possibility that an Israeli firm generated billing data that could be used for intelligence purposes and described concerns that the federal government's own wiretapping system may be vulnerable. Tonight, in part four of the series, we'll learn about the improbable roots of the probe, a drug case that went bad four years ago in L.A.

Carl Cameron (voiceover) Los Angeles, 1997, a major local state and federal drug investigation source, the suspects Israeli organized crime with operations in New York, Miami, Las Vegas, Canada, Israel and Egypt. The allegations, cocaine, and ecstasy trafficking and sophisticated white-collar credit card and computer fraud. The problem, according to classified law enforcement documents obtained by Fox News, the bad guys had the cops' beepers, cell phones, even home phones under surveillance. Some who did get caught admitted to having hundreds of numbers and using them to avoid arrests. Quote « this compromised law enforcement communications between LAPD detectives and other assigned law enforcement officers working various aspects of the case. The organization discovered communications between organized crime intelligence division detectives, the FBI, and the Secret Service.

Shock spread from the DEA to the FBI in Washington and then EIA, an investigation of the problem, according to law enforcement documents concluded quote « the organization has apparent extensive access to database systems to identify pertinent personal and biographical information. » When investigators tried to find out where the information might have come from, they looked at Am Docs, a publicly traded firm based in Israel. Am Docs generates billing data for virtually every call in America, and they do credit checks ? The company denies any leaks, but investigators still fear that the firm's data is getting into the wrong hands. When investigators check their own wiretapping system for leaks, they grew concerned about potential vulnerabilities in the computers that intercept, record and store the wiretapped calls. A main contractor is Converse Infosys, which works closely with the Israeli government and under a special grant program is reimbursed for up to 50 percent of its research and development costs by Israel's ministry of industry and trade. Asked this week about another sprawling investigation and the detention of 60 Israelis since September 11th, the Bush administration treated the questions like hot potatoes.

Colin Powell, secretary of state : I would just refer you to Department

of Justice with it. I'm not familiar with the report. I'm aware that some Israeli citizens have been detained. With respect to why they are being retained, detained, and the other aspects of your question, whether it's because they're intelligence services or what they were doing, I will defer to the Department of Justice and the FBI to answer that.

Carl Cameron : Beyond the 60 apprehended or detained and many deported since September 11th, another group of 140 Israeli individuals have been arrested and detained in this year, in what government documents describe as quote « an organized intelligence gathering operation » designed to quote « penetrate government facilities »

Mostly of those individuals said they had served in the Israeli military, which is compulsory there, but they also had most of them intelligence expertise and either worked for Amdocs or other companies in Israel that specialize in wiretapping.

Earlier this week, the Israeli Embassy here in Washington denied any spying against or in the United States, Tony.

Tony : Carl, we've heard the comments from Ari Fleischer and Colin Powell. What are officials' signal ? Saying behind the scenes ?

Carl Cameron: Well, there's real pandemonium described at both the FBI, the DEA, and the INS. A lot of these problems have been well known to some investigators, many of whom have contributed to the reporting on this story, and what is what they say is happening is supervisors and management are collecting much of the information because there's tremendous pressure from the top levels of all of those agencies to find out exactly what's going on at the DEA and the FBI. Already, a variety of administrative reviews are underway. In addition to the investigation of the phenomenon, they want to find out how it is that all this has come out as well as be very careful because of the explosive nature and very political ramifications of the story itself, Tony.

Tony : All right, Carl, thanks.